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(Note: These are unedited and uncorrected transcripts)

AMBASSADOR SEIPLE: My question is to Dr. Goldman. I noted the attention, a couple of times in your talk, around the issue of time. As you look back historically, you are suggesting that we not -- that we do manage our expectations, that these things take time. You also allude to the globalization of technology and communications; things are moving at warp speed in that regard. The question -- let me ask it two ways, and it may be the same question -- can we allow the past to totally bias the fast-changing present, or more specifically, is time on China's side?

DR. GOLDMAN: As a historian, I really got to make a pitch for my field. There's no way to understand the present without knowing what the past is. And the past --

AMBASSADOR SEIPLE: But we've been there.

DR. GOLDMAN: Is history on China's side? Frankly, and maybe this is my personality more than anything else, but I truly believe that China will move into a democratic direction. I don't think they, frankly, have any choice. And the reason I say that is because if you've been to China, you know this is a huge, chaotic country, and that the democratic system is a far more relevant system for what's happening now with their markets, with their pluralism, with their culture, than their tightly controlled system from the center.

So it does seem to me that what's happening in China, with the move to the market, with the move to the outside world -- the students who we get from China are breathtaking; they're terrific students. Even if one-third of those go back, they are going to make an impact. The next generation -- you know, I really believe the Soviet Union is a really good analogy. When the Gorbachev generation came to power, you had something different, and Gorbachev hadn't even

been trained outside the former Soviet Union. I believe that time is on our side, but I think the impact we can have directly, I feel, is not great. Indirect, I think we can have a great impact.

AMBASSADOR SEIPLE: Let me put an edge on that. Are you suggesting that there's probably no reason to expect that China might implode in the next decade?

DR. GOLDMAN: I don't expect China to implode in the next decade, no.

DR. AL-MARAYATI: I would like to thank you all very much for your presentations, and I will admit my own lack of knowledge when it comes to issues related to economics and sanctions and carrots versus sticks and whether they work or don't work. But those are some of the major questions that face us as a Commission when we're dealing with China or other countries. And what we're hearing is that sticks aren't really one of the better options, that if we want to influence the business community, it should be based on a voluntary basis, not anything coercive; that we need to focus more on integrating China as opposed to isolating; therefore, sanctions would not have an effect, or would have an opposite effect.

This similarly goes to this notion of allowing -- or restricting Chinese companies from access to the capital market, which is one extension of the stick, I would say. But then that leaves us in the position, considering your remarks in the beginning, that any pressure we try to bring to bear, from our point of view as Americans, is going to be marginal. Where should we be going then instead? If either incentives will go only so far, and sanctions are not going to be effective, where do you recommend that we exert our effort in helping create change in the area of religious freedoms?

MR. SMITH: I'll take a first stab. It's a good question. I'm not sure that there's any benefit to carrots, if you don't have some sticks. You just became a mother again, three weeks ago, I know, and congratulations. But it's a combination of push and shove and give and take, and I think you're clearly one of the areas --

DR. AL-MARAYATI: You're talking about raising children?

MR. SMITH: Raising children, yes, carrots and sticks. There has to be a punishment for violation of certain behaviors as well as a reward for benefits. United Nations Human Rights Commission is very clearly one of the places where there should be a sanction.

And in fact, you know, one of the questions I expected to be directed to me, and maybe someone else would ask it, was how do I feel about, you know, the permanent trade status and I just --

RABBI SAPERSTEIN: Okay. You're on.

MR. SMITH: -- I was one of the strongest supporters that possibly could have been for the original debates in linking MFN to human rights, and I thought it was a tremendous success for about four years. We got a number of concessions, as Dr. Goldman said.

At the end of four years, I went to lunch with the Chinese DCM, and he said to me, "We've figured it out. Congress is never going to vote against that. It doesn't matter. It's all posturing." And I hoped that he was wrong and swallowed, but Congress lived up to that prediction. It is never -- and months in advance, weeks in advance, it always sounds like it's going to be very, very tight. Whether it was President Bush and George Mitchell were in the majority, whether it's Trent Lott and President Clinton, every year, when you read the Washington Post, you think, "This might be the year," and it never is. And the Chinese have us on that. The jig is up.

And I find that humiliating as a human rights activist. I found it really rough, because you'd get in and fight hard and then you would be overwhelmed because people told you they were going to vote with you, and they didn't. I think they know that we're bluffing, and what we have to do now, instead of getting people released -- we hear about Taiwan once a week now, about how China is going to invade. We have more people locked up in Tibet, and more democratic activists locked up, and that's China playing to its domestic constituents.

I think what we ought to do to keep the stick, remembering your question, is cut this off, because this isn't working. Separate the two, but take it -- Congress should look at this issue. And what they should have is they should have a debate once a year on how active the United States should be at the U.N. Human Rights Commission, and they should have a

recommendation to the Congress. And it's a lot easier for a congressperson to vote for going into the UNHRC and be tough and win than it is to cut off trade.

One of my greatest frustrations at DLR is we'd be ready to go on China, ready to go on China, ready to go on China, and about two-and-a-half weeks before the session starts, the White House goes, "Yeah, push the resolution now." Well, gee, you've already lost. I mean China has been going all year long winning that. So why not have that vote by Congress four months, five months, six months before UNHRC with a strong recommendation to the Commission and to the Administration to take steps. I think that would be a meaningful use of sticks.

DR. GOLDMAN: Adding to that, one of the points I was going to point -- the other point I was going to make is in place of this debate we have every year on MFN, what I would like to suggest -- and I think it was Carl Levin from Michigan suggested -- and it's a very good idea -- set up a special Commission, a congressional commission, have hearings, and have hearings dealing with these reports on China's human rights abuses, from the State Department, from this Commission, from NGOs. The point is that these reports go out all the time; nobody pays attention. If you have congressional hearings on this and focus solely on the human rights abuses, it's a much more effective way of dealing with it instead of trying to push it through MFN.

You know, this is not -- we're not dealing here with -- not yet, with the former Soviet Union; but there is time here to bring about change in China. And so it just seems to me that is a much more constructive way of dealing with this than tying it in to some economic sanctions that are not going to work.

RABBI SAPERSTEIN: Father Christiansen, anything to add?

FATHER CHRISTIANSEN: I think at present we have a dysfunctional political system -- political culture for dealing with this kind of issue, as demonstrated by the way the White House relates to the Congress and whether the Congress meets the annual Normal Trade Relations, and we have a dysfunctional business culture. John Kamm is wonderful. Gene Hurst (phonetic) taught me a lot and has a lot of respect on the part of the Chinese; but they've been able to do very little, and they barely communicate.

I was involved in corporate responsibility where years ago -- and the level of corporate responsibility -- the corporate responsibility culture, if you will, in today's business, I think, is much lower than it was 20 years ago. I think what you need is a consistent message in all these different areas, and you need a lot of people consistently expressing their interest and concern. I mean, business trips are a good example, but I think Congressional delegations -- it can't just be Nancy Glossy (phonetic) and Chris Smith asking to visit prisoners or to join a congregation for worship. It has to be people who are seen much more to be friends of trade in China.

And I think the question is: Can we develop a culture where everyone is going to think it is their responsibility to take the action that can be effective in their relationships?

RABBI SAPERSTEIN: I appreciate that.

Let me just remind people, if you have questions that you want to ask here, if you raise your hand, staff will pass out cards to you and you can jot down the questions that relate to what we're asking here.

Mr. Abrams.

COMMISSIONER ABRAMS: Listening to these comments, including your presentations, let me ask you some questions.

It seems to me that there is a stage missing. That is, Mr. Smith, for example, talked about many things the business community could do, but I'm inclined to agree with Father Christiansen that they're not doing it now and there isn't really any reason to think that they will.

And you said that at the conclusion of your testimony.

And when Dr. Goldman spoke of the things that might be more helpful than a head-on confrontation, I guess my reaction -- I'd like you to react -- this is my reaction, is that's right, but

they're not going to happen. They're not going to happen because there is not enough incentive.

What makes me think of -- in the case of South Africa, which I think you were alluding to, businesses were, in a sense, told "You can't invest in South Africa unless you adhere first to the Sullivan principles. Once you have announced your adherence, then you can invest in South Africa."

We don't have anything like that in China, and my conclusion -- it seems to me the logical conclusion -- and this is what I want to ask you to react to -- my conclusion is that therefore, Congress should not vote PNTR, MFN, call it what you will, for China now. What it should insist on is first that these mechanisms -- for business to insist on a code of conduct first, for the Administration to establish the mechanism. Maybe it's a Helsinki Commission equivalent for China. First establish the mechanisms through which we will keep the human rights pressure on, working in the United Nations Human Rights Commission or elsewhere. First prepare that, then vote the normal trade relations; otherwise, my fear is that you will vote the normal trade, and the issue will disappear.

RABBI SAPERSTEIN: It's a fascinating question, but let me add to the comment to ask you to comment on, which was one of the things we ought to do would be to say, you can have BMTR, but first you need to ratify human rights convention or the international political rights here. That doesn't require a separate vote on it. They merely say that, walk away from it; they're done with it.

Does that feel in any way realistic, or in any way different from some of the dynamics you described before?

DR. GOLDMAN: I think it is unrealistic. It is a great idea. The trick about it is in order to happen, the Chinese say, "Okay. The US is not coming around quite so much. We're going to become a number anyway." And all our trading partners are going to make a killing, and we're going to be left out of that China market. If that's what you want to do -- and in many ways, you hurt the United States economy by doing that. The Chinese are at the point that they're not going to be giving in on that.

COMMISSIONER ABRAMS: And that would apply to all of the suggestions?

DR. GOLDMAN: If I thought you were right, it would take a year, that would work; but I think the Chinese are not going to put off becoming a member of the World Trade Organization, and our European partners are going to take advantage of it, including Japan as well, and we're going to lose a large part of that China market. My sense is it's like MFN. I don't think it's realistic. It's not going to work.

COMMISSIONER ABRAMS: Let me argue with you for a second. My understanding is that in fact we are not on the threshold of an agreement between the European Union and the Chinese. We're talking about the fall for that. To establish the kind of mechanisms -- there is a code of conduct for business. The question is what status does it have and who complies with it. There are models for -- the congressional leadership can establish such a Commission literally in a matter of days.

I can understand that a one-or two- or three-year delay, even a one-year delay is quite significant, but if we were to say, "What's the rush? The Europeans aren't going to be ready till the fall. Let's revisit this in the fall after we've got our own mechanisms in line."

DR. GOLDMAN: If we get the Europeans, that will be true. If we could get their support in this, that would be great, then it would work; but the likelihood of our getting their support in this is highly unlikely.

MR. SMITH: Your opinions are terrible of the U.N. Human Rights Commission. It takes some exception -- the Dutch and the Norwegians are wonderful, and year after year you can just salute them. But the French, the Germans, our closest allies, depending on how you define closeness, undercut us every single year; and there is no sign that they're going to stop doing that. In fact, there is more of a sign that they will continue to do it, and that's a harsh reality we have to deal with.

FATHER CHRISTIANSEN: Let me just add to that. The economic arguments are a little overblown. I mean, who's winning the competition for business right now? Which economy is really driving and why is it driving? It is driving because of the domestic business in the United States, not because of trade.

It seems to me that the arguments made against trade as a show stopper need to be reexamined, because it seems to me that the Europeans are losing out against us in all sorts of ways in world trade, and a little hesitation on our part to get our act together, to have a cultural responsibility in business, wouldn't be a bad idea; and I think six months to do it is a reasonable time frame.

RABBI SAPERSTEIN: Dr. Kazemzadeh.

DR. KAZEMZADEH: I have a double question for Father Christiansen, and it's not about Most Favored Nations treatment. One question is, was there ever a gallant tendency in the Catholic Church in China which permitted the government to use some of the Catholic clergy there in setting up an official Catholic Church?

FATHER CHRISTIANSEN: To my knowledge, there was not a gallant tendency in the sense that the Church was an instrument of the state, but there was allowance for a hundred-odd years of the Chinese rights and therefore a different kind of development of Christianity in China before the 1720s. And the emperor himself, who was not a non-Christian, but what we call a "cultural Christian," wrote poetry about Christian ministries where he pleaded with Rome not to suppress the Chinese rights, but they went ahead and did it. That was a problem with internal Catholic theology and the others that were involved in this theology at that time. So there was a Chinese Catholicism that was as different in style as Syrian Catholicism is different than Latin.

DR. GOLDMAN: Let me just add to that. When the Pope determined that factional struggle, the Chinese emperor, a very powerful Chinese emperor, he just threw out all the Catholics. He said, "Who is the Pope to tell me how to run my country?" And I think it is exactly the same kind of problem.

DR. KAZEMZADEH: And the second part this: How can the government and the Catholic Church reach a compromise when the Catholic Church is centrally governed and the Chinese Constitution says that no church is recognized -- that no churches will be recognized that are controlled from abroad?

FATHER CHRISTIANSEN: It is a good question. I think the answer -- in the Vatican's

statement -- the Vatican -- or the Catholic Church, rather, has had various relations to various cultures and governments over the centuries, and it's willing to explore what the situation of the Chinese Catholic church might be.

This May I participated in the first Congress of the Catholic Patriarchs and Bishops in 1,400 years. And they represented several different Eastern churches, and they were given very wide latitude about how to proceed and what to talk about, including whether their patriarchs had universal jurisdiction; whether anyone is Maronite or everyone is a Chaldean, would be governed by the Patriarch and not by the Pope in most respects. It isn't typical when we rescind on Judaism.

A few years ago the Holy Father said he was willing to concede changes in the papacy for the sake of union, especially with the Church in the East, the Orthodox; and the Orthodox is not responding. But I think that the economy of that Congress of Patriarchs was an effort to show that a different type of government is possible, and explorations continued with experts at the Vatican and experts around the world on how the government of the Church can be changed. I think it's possible for accommodation here.

RABBI SAPERSTEIN: Justice Smith, if you will indulge me for one moment here before we go on to you -- and since Gare Smith needs to leave in a few minutes and I presume our other witness can give us a few minutes more -- is that a "yes"?

Yes. Okay. I wanted to ask Justice Smith if you had a question for Gare Smith or anyone else on the panel.

We actually have one or two from the floor that came for you which Steve McFarland will pose to you.

Why don't you read these while --

JUSTICE SMITH: I have one short question.

RABBI SAPERSTEIN: Go ahead.

JUSTICE SMITH: This question is to Father Christiansen.

RABBI SAPERSTEIN: I'm sorry. I wasn't clear. If you can bear with me for that question, because Gare Smith has to leave.

COMMISSIONER ABRAMS: I believe at the beginning of your testimony you used the term "limited positive role" of business. What's the evidence for that, that business has played any part of the role?

MR. SMITH: Well, I've made many trips to China now, to how many factories, 50 or 60; met with thousands of workers, and in Levi's code, for one example, but I could also say Reebok's code, I could say Mattel's code -- there are other companies -- we don't hire those guys. We didn't hire those guys to make our product less than -- they were paying a certain wage, had certain standards, were adhering to certain rights, and many of those rights they weren't respecting before, but they wanted our business. So I would go out and visit these factories, and we'd have surprise visits by Chinese nationals, because I'm easily identifiable. And those rights were usually being met. You know, occasionally you'd have to --

COMMISSIONER ABRAMS: What rights?

MR. SMITH: Like from safety, making sure that there were fire escapes, people could go out -- sometimes there would be deadbolts in the past, to keep workers from sneaking out -- through ensuring that workers were paid the -- in our code, the minimum wage or the prevailing wage for that, and then we would get the books and we would look through the books.

And then we would have workers taken aside by Chinese people, not off the factory floor where everybody was scrutinized, but somewhere they could be gotten to and not feel pressured, and ask them how much they were getting paid, how much was being taken out, if

anything.

And over the years -- we could never tell in just one visit, but over a number of years you find that's progress, because people are meeting those standards.

RABBI SAPERSTEIN: I'm going to pose two other questions that came from the floor to you, both of which later you may want to respond to also.

MR. MC FARLAND: Was the international community response to apartheid in South Africa a good model for China? Why or why not? is one question. And second, does not China need the U.S.'s hard currency and trade more than the United States needs China?

MR. SMITH: Okay. The apartheid one first. No. I think it's a limited comparison. The fact of the matter is we had our own ethnic and tragic history with slavery and African-Americans being here, and in different ways, that, you know, many of us had our own collective historical guilt about. And we have a strong African-American population, which we still have, and I think it just hit a deep chord in our historical consciousness, and I think that just swept across our nation.

I don't think there's a similar, you know, tie to China. We have a number of Chinese Americans, but it's not a similar thing. I don't think it strikes the same chord. You don't see that kind of movement here.

What you see, as I mentioned earlier, on college campuses, is anti-sweatshop movement, which includes China, but it is not nation-specific. I don't think we have the same historical background.

MR. MC FARLAND: About the interchange.

MR. SMITH: Does China need our hard currency more than we need China as a trading partner?

MR. MC FARLAND: Yes.

MR. SMITH: I don't know the answer to that. China certainly needs hard currency; there is no question about that. Our business has expanded -- I'll take a little bit of issue with what was said earlier: Our domestic business is going good, and that doesn't have anything to do with trade. Well, if I understood that correctly, if that's the correct statement, our domestic business has a lot to do with trade, and the fact that our domestic economy is going well, you can tell a lot of it is because we are exporting abroad and we are trading very successfully.

Could we do well or just as well without China? Well, that's the big question, and you'll get different answers from different businesses, some of which have been burned very badly in China due to lack of rule of law, some of whom have done rather well in seeing a huge billion-person market out there for the future. So it's an unanswered question, and I think most businesses are gambling on the future of that market.

RABBI SAPERSTEIN: Thank you for your contribution today, for all of your good work in this field. Thank you and travel safely.

MR. SMITH: Thank you, Mr. Chairman.

RABBI SAPERSTEIN: Now we are going to turn back to Justice Smith.

JUSTICE SMITH: Father Christiansen, our Commission is, to some extent, poised to criticize China over its treatment of the Roman Catholic Church. I gather, however, that the reality is that the Church, represented by the Vatican or Holy See, whichever reference you give to it, is working this out itself. Do you have a feeling, a belief, a perception, or knowledge or prediction that the Vatican would prefer that a Commission like ours leave the issue alone and let the Vatican take care of it itself?

FATHER CHRISTIANSEN: Another very sharp question. The answer is that the Holy See

would see having relations with Beijing, normalized relations with Beijing, as being a tool, a very important tool in being able to implement the religious rights of Catholics in China. So it would like to see governments like the United States encourage China to look favorably to establish that normalized relation. And I think it's been made clear by many people, even better than I, thought it was really close but it's so far been elusive.

I think the second position -- the second point is that Catholic social teaching is also quite strong on the need to defend people's human rights and the network of the Justice and Peace Commission around the world is established basically to help people within a country defend their rights by giving them outside support. And so the very structure of that network is intended to provide support by Catholics outside of the country for those who are suffering within the country.

I think with respect to the Commission, I think the Commission needs to say what's going on in China and make some recommendations about what ought to be done.

JUSTICE SMITH: Thank you.

RABBI SAPERSTEIN: Do either of you want to comment on either the apartheid or the question of who needs whom more, or do you stand where Gare Smith stood on that?

FATHER CHRISTIANSEN: Apartheid, I'd just make a somewhat different point, and that is that most of us have studied sanctions through apartheid. The apartheid campaign worked primarily because you had a semi-democratic government. There you had a multiplicity of power centers. Sanctions seem to work better when we have a totality of expression that is decentralized, and you can apply the sanctions and expect that businesspeople would respond to the government.

China is not a place where you can expect to have that kind of reaction. I think, on the other hand, that there was an element in South Africa which was very important, and I think it may be that, again, people are too Pollyannaish in the business community to vouch for it. I think, in my own reading of the South Africa situation, when Chase Manhattan decided in its analysis that South Africa was a risk, that's when everything collapsed, and that's when the campaign really came to a head. And I think unless you have circumstances like that, organizations that are

willing to do that and take the lead into doing that, it's hard to have that same result.

RABBI SAPERSTEIN: Dr. Goldman, one moment before you jump in on this.

I said before if we had some interesting questions -- if you want to ask a question, ask for a card.

Let me throw something else in the mix. You heard a lot of policy recommendations in response to what you think the United States should do. I just want to ask if there's any one of our guests here who have some recommendation on U.S. policy options that you've not heard discussed here that you would like the Commission to discuss, please raise your hand for a card and write it down for us, and we will put it into our follow-up discussions here as well or perhaps ask a question about it. So that would be a contribution as well.

DR. GOLDMAN: Just about what Mr. Smith talks about, I've gone into some American factories in China and I must tell you the contrast between those factories and the factories that are run, not only by Chinese, but by overseas Chinese, Hong Kong, Taiwan, Korea, and so forth, there's just no comparison. So there is no question in my mind that American factories do set a model that is a good positive model, despite everything we might say about it, in terms of labor conditions.

The other -- the problem about -- today we have a negative balance of trade with China, just in this past year, \$60 billion; that's huge. I would expect that China will surpass Japan as our major negative balance in trade. And this is going to grow, I really believe that, unless we can have access by the American side to the Chinese market. I think it is unrealistic to think that the nation postpone it for six months -- but I truly believe that the economic factors here are so strong, it's going to be very difficult to go against them.

RABBI SAPERSTEIN: Mr. Abrams.

COMMISSIONER ABRAMS: Dr. Goldman, you used a phrase that I want to come back to, "totalitarian" and "authoritarian." I wasn't going to raise it, but you raised

it. The question is this. Classically, authoritarian governments are almost defined by their uninterest in religion. Whether it's Franco in Spain or Pinochet in Chile, they don't care what you're doing Friday night or Sunday morning or whatever the appropriate occasion is. And obviously this is not true of China. As it moves in some ways from totalitarian to authoritarian, with respect to personal autonomy, it gets worse rather than getting better on the question of religion. So my question is a simple one: Why?

DR. GOLDMAN: Let me say the 1980's was a golden age, when I talked about that. After the crackdown, frankly, I think the Party itself feels threatened, and as long as the Party feels threatened, they're going to take a very different stance. Under Deng Xiaoping, there was a certain amount of confidence. So what if people go out and practice their religious beliefs; it doesn't harm us. But with the crackdown, with the demonstrations that spread to all of the major cities, there was real concern that the regime was threatened. And ever since then they really have been running scared.

The Falun Gong has changed, I think, and made it much more difficult for all religion in this respect. I don't want to go into it, but they handled it so badly. If they had let it alone, it wouldn't have become politicized, but now it has become politicized and they have a tremendous problem, and they really don't know how to handle it. So for this time this persecution is going to continue.

I don't believe it's going to fade away, but I do think if they are exposed to criticism, if they are exposed to people saying, "This isn't the way to handle this" -- I don't think they know, frankly. They're not accustomed to dealing with a pluralistic society or people practicing their religion. I just think they have to be brought into the communities. Sanctions won't help this situation; it will only make it worse. That's my point.

RABBI SAPERSTEIN: Justice Smith, anything else?

JUSTICE SMITH: No.

RABBI SAPERSTEIN: Is there anything else that either of you would want to add in closing here?

DR. GOLDMAN: I would like to consider this other alternative I mentioned that was suggested by Carl Levin, that a -- there should be a yearly review of China's human rights abuses, especially since they're getting worse. But let me say one other thing.

After the Soviet Union's -- there were many -- it went back and forth. There were a lot of things. It wasn't a straight progression towards religious freedom or human rights. It was a very zigzag course, and it wasn't discernible until the Gorbachev era. I don't think it's going to go in a straight line.

But I truly believe this idea of funneling all these reports, focusing just on China's human rights abuses at hearings for that, would be very effective; because China does not want to be -- lose face in the international or even in the United States community. It's very important to them.

So I truly think -- I know it sounds like a carrot, but frankly, I can see how upset they are about what goes on in the Human Rights Commission. And I also agree with Mr. Smith. We have to do much more, even if we don't win on that issue, we have to really do much more to get a quid pro quo from them. "Okay, we won't bring up the resolution issue this year that you ratified, for example, the two covenants," to give you an example. It might work. It might really work. I just think this is going to be a slow process. There's going to be a lot of give and take, and I, frankly, think it's unrealistic to deal with it in terms of economic sanctions, because we're not going to get support of the Americans or the American Congress.

RABBI SAPERSTEIN: Father Christiansen.

FATHER CHRISTIANSEN: I would just recommend skepticism about the single technique solution or single event solution. I think we really suffer from mandate policy in this country. We suffer also from the theater of crisis, and I think what we need to elaborate is a policy that is consistent and ongoing and owned by everyone and pursued by everyone.